

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15

OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-10 PA-02 PRS-01

AGRE-00 ORM-02 DHA-02 /121 W

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R 101303Z DEC 76

FM AMEMBASSY DAMASCUS

TO SECSTATE WASHDC 868

INFO USDOC WASHDC

AMEMBASSY AMMAN

UNCLAS DAMASCUS 8435

E.O. 11652: N/A

TAGS: ECON, SY

SUBJECT/ SHARP INCREASES IN PUMP PRICE OF SYRIAN GASOLINE

1. THE SYRIAN GOVERNMENT DECEMBER 6 INCREASED SHARPLY THE PUMP PRICE OF GASOLINE (92 OCTANE) FROM 10.50 SP TO 16.50 SP (\$4.17) PER 20 LITERS, AN INCREASE OF 57 PERCENT. LOW OCTANE GAS PRICES WERE UP 63 PERCENT AND LUBRICATING OIL 47 PERCENT. PRICES OF OTHER DERIVATIVES, INCLUDING BOTTLED GAS AND "MAZOUT" (FUEL OIL WIDELY USED IN HOME HEATING) REMAIN THE SAME. PRIVATELY-OWNED TAXI RATES ARE UP ACCORDINGLY; PUBLIC SECTOR BUS FARES HAVE NOT CHANGED.

2. CONTRARY TO PUBLIC EXPECTATIONS, GOVERNMENT-SET FOOD PRICES WERE NOT INCREASED. THE MINISTRY OF SUPPLY DECEMBER 7 DENIED RUMORS THAT FOOD PRICES WERE TO BE HIKED.

3. HIGH INFLATION (SOME ESTIMATE RATE AT ABOUT 30 PERCENT) AND SHORTAGES EXACERBATED BY PRESENCE OF UP TO ONE MILLION REFUGEES FROM LEBANON IN SYRIA HAVE PUT GREAT PRESSURE ON GOVERNMENT-CONTROLLED FOOD AND FUEL PRICES, WHICH ARE GENERALLY SET FAR BELOW FREE MARKET LEVELS. POLITICAL CONSIDERATIONS NO DOUBT HAVE DELAYED UNPOPULAR MOVE TO BRING BASIC FOOD AND FUEL PRICES CLOSER IN LINE WITH HARD ECONOMIC REALITIES. EMBASSY EXPECTS SARG TO

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INCREASE SOME FOOD PRICES IN NEAR FUTURE, ALTHOUGH

RETURN OF REFUGEES TO LEBANON (ASSUMING CEASE-FIRE THERE
HOLDS) MAY EASE SHORTAGES SOMEWHAT.
MURPHY

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NNN

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